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ABSTRACT

In response to congressional approaches to welfare reform, this report describes a study of the extent to which child care needs of welfare recipients in the Job Opportunities and Basic Skills (JOBS) program are currently being met, whether any barriers exist to meeting the child care needs of JOBS participants, the effects of child care subsidies on former welfare recipients' move toward self-sufficiency, and the potential implications of welfare reform for child care availability and continuity. The study is based on a nationally representative telephone survey of 411 local JOBS programs, as well as in-depth site visits at 12 programs. The study found that while most JOBS programs report providing child care assistance, participation was limited by lack of available funds and Family Support Act regulations. It also found that child care-related barriers could delay welfare-to-work transitions, and that inadequate postwelfare child care subsidies challenged JOBS participants' self-sufficiency. Six appendices include survey results, child care expenditures for 1994 in seven states, and child care-related barriers encountered by some JOBS participants. (MDM)

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United States General Accounting Office

GAO

Report to Congressional Requesters

September 1995

WELFARE TO WORK

Child Care Assistance Limited; Welfare Reform May Expand Needs

ED 389 439

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United States
General Accounting Office
Washington, D.C. 20548

Health, Education, and
Human Services Division

B-258798

September 21, 1995

The Honorable William V. Roth, Jr.
Chairman, Committee on Finance
United States Senate

The Honorable Nancy Landon Kassebaum
Chairman, Committee on Labor
and Human Resources
United States Senate

The Honorable E. Clay Shaw
Chairman, Subcommittee on Human Resources
Committee on Ways and Means
House of Representatives

From 1991 through 1993, federal and state spending on child care subsidies to help current and former welfare recipients work or go to school grew from just over $600 million to over $1 billion. As the Congress and the states consider and test various approaches to restricting the length of time that mothers stay on welfare and to begin working more quickly, questions have arisen about child care needs created by more welfare mothers participating in training activities, part-time work, and, finally, full-time work. In particular, concerns have been expressed about the capacity of the states' child care resources to handle the increase in the number of children needing care under such proposals.

Given rising interest in this issue, we examined (1) the extent to which child care needs of welfare recipients in an education and training program (the Job Opportunities and Basic Skills Training (JOBS) program) are currently being met, (2) whether any barriers exist to meeting the child care needs of JOBS participants, (3) the effects of child care subsidies on former welfare recipients' move toward self-sufficiency, and (4) the potential implications of welfare reform for child care availability and continuity.

To accomplish our work, we conducted a nationally representative, computer-assisted telephone survey of approximately 400 local JOBS programs. The child care-related questions on this survey provided general information about child care services available to JOBS participants. We also visited 12 counties in 7 states[1] to obtain in-depth information on how

[1]We visited counties in Florida, Michigan, Minnesota, Nevada, Ohio, Texas, and Washington.

the JOBS child care program was implemented, governmental child care expenditures, participants' ability to identify and secure child care while they go to work or school, the effects of child care subsidies on former welfare recipients' move toward self-sufficiency, and implications of welfare reform on child care. We conducted our work between June 1994 and August 1995 in accordance with generally accepted government auditing standards. (See app. I for a detailed description of our objectives, scope, and methodology.)

Background

In 1988, the Congress enacted sweeping changes to the nation's welfare system by passing the Family Support Act (FSA). A central purpose of FSA was to transform Aid to Families With Dependent Children (AFDC) into a transitional program by strengthening existing work requirements and guaranteeing child care subsidies to welfare recipients while they participate in education and training activities. To accomplish this, FSA created the JOBS program, which was designed to help AFDC families to obtain the education, training, and work experience to become independent from welfare. Under the JOBS program, states may make available to participants a broad range of services and activities. States are required to provide certain components, including high school or equivalent education, basic and remedial education, education for those with limited English proficiency, job skills training, job readiness training, and job development and placement. States must also offer two of the following four optional components: job search, on-the-job training, community work experience, and work supplementation.[2] FSA also required states to guarantee child care for JOBS participants and employed AFDC recipients.

Under FSA, states are accorded substantial flexibility in the design and implementation of their JOBS programs. Although about $1 billion in federal funds has been made available for JOBS each year, states must commit their own resources by providing matching funds to acquire the federal dollars allocated to them. Recognizing the state financial role in JOBS, FSA generally allows states to operate their programs to the extent that "State resources . . . permit." Moreover, although FSA mandates participation in JOBS for AFDC recipients between 16 and 59 years of age, it allows exemptions for certain individuals, such as those caring for children under age 3. FSA also allows states to limit participation by those with child care needs by deferring

[2]This is a form of subsidized employment also known as grant diversion, in which the AFDC grants are used to pay for a portion of the training and supervision provided to the participant by the employer.

participation, granting "good cause,"[3] creating waiting lists, reassigning priorities, and taking other measures. Finally, FSA defines minimum participation standards for states to meet. To meet these requirements, states only have to serve a portion of their nonexempt AFDC recipients.

As welfare recipients move into the workforce, they often must pay for the child care that enables them to work, and the cost of child care remains an employment barrier to many of them. Recognizing the importance of child care to helping welfare recipients obtain training and employment, leave welfare, and stay employed, the Congress has created four child care programs since 1988:

- Guaranteed child care[4] for employed recipients of AFDC, JOBS participants (discussed above), and recipients in other approved education activities;
- Guaranteed child care for 1 year after leaving the welfare rolls for employment (known as Transitional Child Care);
- Child care subsidies for working poor families who are not currently receiving AFDC but who would be at risk of becoming eligible for AFDC without such subsidies (known as at-risk child care); and
- Monetary support, provided under the Child Care and Development Block Grant, to working, low-income families with incomes up to 75 percent of a state's median income.

The first three of these programs require states to commit their own resources to obtain the federal dollars allocated to them; the fourth requires no state matching funds. In fiscal year 1994, federal and state governments spent over $2.5 billion on these four programs. Taken together, these subsidy programs have made an important contribution to states' efforts to move some mothers off welfare to have them begin work, as well as to keep some working poor families off welfare.

Results in Brief

Although 73 percent of the state JOBS programs in our nationwide survey reported providing child care subsidies or help arranging child care[5] to all or almost all participants who needed assistance, their ability to do so stemmed from two key FSA provisions that serve to limit the number of

[3]FSA regulations allow states to find "good cause" for failure to participate in JOBS if, among other things, necessary child care is not available and the state fails to provide such care.

[4]States may use a variety of methods to guarantee the availability of child care, such as arranging the care through providers using vouchers, providing cash or vouchers to caretaker relatives, and arranging with other agencies for nonreimbursed care.

[5]The JOBS child care guarantee requires states to provide or pay for needed services, not simply help in finding services.

AFDC recipients who participate. JOBS serves only a small portion of adult welfare recipients—approximately 13 percent in any given month—in part because many meet the statutory exemption provisions. In addition, because states implement JOBS and its child care provision to the extent that their resources permit, the amount of funds that states provide for child care for the JOBS program as a match for federal dollars also limits the number of welfare recipients with child care needs who can participate. When child care funding is unavailable, states either exempt welfare recipients or limit participation to those with school-aged children or those who can find free child care. Five of the seven states we visited reported insufficient funds for child care.

Regardless of their ability to provide child care assistance,[6] state and county officials told us a number of difficulties hinder finding child care for the small number of recipients who participate in JOBS. Shortages of certain kinds of child care common to the population in general—such as infant, special-needs, and sick child care; before- and after-school care; and part-time and nonstandard hours[7] care—as well as a lack of reliable transportation, can delay when some JOBS participants begin training or work and affect their continued participation. In fact, every state we visited reported a shortage of care for infants and during nonstandard hours, and six states reported a shortage of care for special-needs and sick children. In our nationwide survey, 77 percent of the JOBS programs unable to provide child care assistance to all participants cited transportation difficulties as a problem in getting child care.

Once a welfare recipient secures work, her ability to continue working and become self-sufficient enough to support her family can be impaired if her child care subsidy is cut off because of insufficient state resources. Some states attempt to provide JOBS participants with continued child care help—beyond that guaranteed in the JOBS program—through several federal/state child care programs. These states give former JOBS participants priority for continuing child care funds set aside to help the working poor. However, some states have long waiting lists of eligible working poor families—with as many as 36,000 families in one state—for which no child care funds exist. As a result, clients may quit working when their child care subsidies end.

[6]We visited counties that had a wide range of abilities to provide child care assistance to JOBS participants. See appendix I for more information on our methodology.

[7]Nonstandard hours include early mornings, evenings, nights, and weekends, as well as all shifts longer than 8 hours.

Providing funding and finding care for additional children as more mothers are required to work or limit their stay on AFDC under welfare reform may be difficult. JOBS-related child care funding and the supply of certain kinds of child care are already inadequate in some states. Different approaches currently under discussion by the Congress and being tested in many states are intended to increase the number of welfare recipients in job skills training and employment, thus increasing the need for child care for AFDC recipients with young children. Even if changes are not made to AFDC at the national level, these difficulties could affect reform measures that continue to be implemented in the states. As states move to expand work requirements, they may have to reconsider funding priorities and push to develop new sources of child care to meet the needs of welfare recipients and the working poor alike.

Most JOBS Programs Report Providing Child Care Assistance, but Participation Is Limited

Most state JOBS programs in our nationwide survey reported providing child care subsidies or help arranging child care to all or almost all participants who needed assistance (see table 1).[8] However, to a great degree, their ability to do so stemmed from two key FSA provisions that serve to limit participation in JOBS by AFDC recipients who might need child care.

Table 1: Proportion of JOBS Participants Receiving Needed Child Care Assistance During May 1994

JOBS programs' response	Percentage
All or almost all	73
Most	13
About half	5
Some	4
Few or none	2
No participants needed child care	4

Note: Numbers do not add to 100 because of rounding. See table II.11 in appendix II for sampling errors (Question 1).

One provision exempts large numbers of AFDC recipients, many of whom would potentially need child care assistance if they took part in JOBS. These FSA exemptions provide one way of managing the influx of clients who may need child care to participate. The most recent Department of Health and Human Services (HHS) data show, for example, that nationally

[8]We reported at length on the survey results in their entirety in Welfare to Work: Participants' Characteristics and Services Provided in JOBS (GAO/HEHS-95-93, May 2, 1995). See appendix II for detailed results from the survey's child care-related questions.

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in 1993, 75 percent of the female AFDC recipients exempted from participation in JOBS were exempt because they were caring for children under the age of 3. A state may also limit JOBS participation on a case-by-case basis if child care is not available. Our analysis of HHS data showed that 50 percent of nonparticipants have a child under age 3, while only 20 percent of participants have a child under age 3.[9]

To determine what portion of adult AFDC recipients JOBS is serving, we obtained the most recent HHS average monthly data available.[10] These data showed that the seven states we visited were serving 169,891 welfare recipients in their JOBS programs, only 15 percent of their total adult AFDC caseload. Table 2 shows JOBS participants as a percentage of the total AFDC population for each of these states. Nationwide, HHS data showed that 541,995 welfare recipients were participating in JOBS programs, about 13 percent of total adult AFDC recipients in any given month.

Table 2: AFDC Population Participating in JOBS in Seven States, Fiscal Year 1993

States	Adult AFDC recipients	Active JOBS participants	JOBS participants as a percentage of state's AFDC population
Florida	224,657	19,082	9
Michigan	237,387	47,460	20
Minnesota	65,510	5,418	8
Nevada	11,101	928	8
Ohio	247,310	54,037	22
Texas	236,627	23,953	10
Washington	102,366	19,013	19
Total	**1,124,958**	**169,891**	**15**

The number of AFDC recipients who participate in JOBS is also constrained by state funding. Although spending for child care assistance has been growing and states must guarantee child care for participants, FSA allows states to operate the JOBS program as state resources permit. The amount of funding that states provide for child care to match federal funding competes with other state budget requirements, such as providing funds for building highways and prisons. Providing fewer state matching dollars limits the total dollars available for child care services, which in turn, limits the number of JOBS participants who can be given child care

[9]We used the National Integrated Quality Control System data for 1993. (See app. I for more information.)

[10]Information Memorandum, "Final Tables Based on Form ACF-108 Data for Fiscal Year 1993" HHS, JOBS-ACF-IM-94-8 (Washington, D.C.: Sept. 29, 1994).

subsidies. Five of the seven states we visited reported insufficient funds for child care. Some officials explained that because of the level of matching funds, they must limit those who can participate in their JOBS programs to women with minimal child care needs or those who have made child care arrangements that are free. In Florida, JOBS participants have third priority for child care funds, after children at risk of abuse or neglect and children of parents who have left the welfare rolls for employment or who still receive AFDC because of low earnings. Florida, therefore, simply exempts AFDC recipients with child care needs from participating in JOBS when funding is not available. Texas officials stated they have very meager funds for child care and therefore attempt to enroll participants who can find free child care or who have school-aged children and can participate during school hours.

Five of the seven states we visited were able to provide information on the number of JOBS participants' children currently receiving child care. For fiscal year 1994, these five states reported providing child care to 207,104 children of JOBS participants.[11] These children, however, represent only a small portion of the states' total number of children on AFDC. For example, during April, May, and June of fiscal year 1994, Michigan provided child care to an average of 13,999 children of JOBS participants each month.[12] During this same quarter, Michigan had an average of 323,823 children under age 13 on its AFDC rolls.[13] (See app. III for additional data on the number of children served and the associated cost.)

Child Care-Related Barriers Can Delay Welfare-to-Work Efforts

Although FSA guarantees child care to welfare recipients while they are participating in JOBS, and our survey showed that most JOBS programs are providing some child care assistance to current participants, a number of barriers hinder finding child care for participants. Some of these barriers are common to the general population of individuals searching for appropriate child care, while others are related to how the JOBS program may be structured in a state. These barriers can delay AFDC recipients' participation in the JOBS program.

[11]Except for Washington and Minnesota, states could not provide unduplicated numbers of children served (that is, states could not tell us when a child's care was being funded by two programs). Because of this, the number of children reported served is most likely overstated.

[12]For the reason noted above, the number served during this quarter may also be overstated.

[13]If necessary for JOBS participation, child care is guaranteed for dependent children who are under 13 years old and for those children who are physically or mentally incapable of caring for themselves or under court supervision.

Some JOBS Participants Face Child Care Barriers Common to General Population

Nationally, we found in our survey that, irrespective of funding issues, a general lack of child care in the community—as well as a lack of child care that is affordable for participants—contributes to some JOBS programs' inability to provide child care assistance. Like the general population, JOBS participants seek child care from a variety of sources, such as centers, family child care homes, and relatives, and encounter similar problems in finding appropriate child care. In our visits, we found that some JOBS participants have difficulty finding care for infants, special-needs children,[14] children before and after school, and sick children. In addition, some JOBS participants have difficulty finding child care that is accessible, given a lack of reliable public or private transportation, and available during nonstandard hours of work. (See app. IV for additional information on barriers.)

Officials in every state we visited reported a shortage of care for infants, six states reported a shortage of care for special-needs children, and three states reported a shortage of before- and after-school care. In Texas, where a shortage of infant care already exists, officials believe recent quality improvements to state licensing regulations will cause some providers to discontinue their infant programs rather than comply with the new regulations. Michigan officials said the state has a shortage of infant and special needs-related child care in the inner cities and a shortage of all types of child care in rural areas. Moreover, a suburban county child care specialist in Michigan said the current supply of child care providers cannot handle the expected influx of the 3,000 new clients in that county required to participate in the state's welfare reform program begun in October 1994. The specialist stated the supply shortage may push participants to use care not regulated by the state.[15] In addition, caseworkers told us that an urban school district in Michigan has only one location that offers before- and after-school care. Even when before- and after-school care is available, county officials told us that children may not have transportation between their homes and the care facility during these nonschool hours.

Washington State officials noted that some children of JOBS participants have multiple special needs, which increase providers' reluctance to care for them. Minnesota officials stated they find it hard to locate providers who are qualified to provide care to special-needs children or those who

[14]Examples of children with special needs include those with physical, emotional, or mental handicaps; those born with acquired immunodeficiency syndrome; and those with chronic asthma.

[15]Nonregulated providers may be those providers caring for fewer children than their states require for regulation as well as providers illegally caring for children.

will provide care on days that children are sick. One JOBS participant we spoke with noted that some JOBS training classes have strict attendance requirements and having a provider who will care for a sick child can make the difference between passing and failing such a class.

One of the most pressing problems limiting access to child care was transportation difficulties. In our nationwide survey, 77 percent of those JOBS programs unable to provide subsidies or help arranging child care to all participants who needed assistance indicated that participants had problems getting to their child care provider. Officials in the seven states we visited also said transportation was a problem in accessing child care. We were told that many JOBS participants do not have reliable private transportation to get their children to child care providers and then to get themselves to work or school. Moreover, some communities lack the necessary public transportation to get participants where they need to go. A child care specialist in a rural Ohio county noted that participants in rural areas are "all going in different directions" to find work. When participants do not all commute in the same direction, carpooling and drop-offs at child care centers are very difficult to arrange.

Officials of all seven states we visited indicated that finding care during nonstandard hours of work, such as on nights and weekends, is a problem for participants. Many participants find jobs in the service industry, working at hotels, restaurants, hospitals, and discount department stores where nonstandard hours are common. In fact, service occupations with a high proportion of shift workers are projected to produce more new jobs than any other sector over the next decade, and the trend of service businesses operating during nonstandard hours is expected to continue, according to a recent Department of Labor report.[16] However, few child care providers operate during nonstandard hours, according to a nationally representative sample of child care centers and regulated family child care homes.[17]

When welfare recipients encounter these types of difficulties in finding child care to participate in the JOBS program, caseworkers told us they exempt them or assign them a "not job-ready" status. Their participation in

[16]The report also estimates that 60 percent of women with children under age 6 are in the workforce and that, in 1991, 5 million of the full-time workers with nonstandard hours—more than one in three—were women. Care Around the Clock: Developing Child Care Resources Before 9 and After 5, U.S. Department of Labor, Women's Bureau (Washington, D.C.: Apr. 1995).

[17]The Demand and Supply of Child Care in 1990, National Association for the Education of Young Children (Washington, D.C.: 1991).

the JOBS program is then delayed until they can—sometimes with the help of caseworkers—make suitable child care arrangements.

JOBS Program-Related Barriers to Child Care

In addition to the barriers to finding child care faced by the general population, JOBS participants may encounter other difficulties. The JOBS program in their states may not have enough child care program staff to help them locate care. And child care providers in their communities may not offer care that is flexible enough to meet JOBS participants' part-time program hours.

In Washington State, for example, caseworkers said their high caseloads prevent them from taking the time to discuss child care in-depth. Similarly, Nevada does not serve all mandatory JOBS participants because of limited staffing. At one point, Michigan stopped serving the child care needs of JOBS participants in school because the volume of cases was too high for the available staff to handle.

Participants have difficulty finding care flexible enough to support their part-time JOBS participation hours and have problems coordinating school hours, study hours, and provider availability hours, officials in four states told us. HHS fiscal year 1993 data show that most JOBS participants are in education/training or work activities for 20 hours or less per week and thus need only part-time child care. Yet state officials told us many child care centers require clients to pay for full-time care regardless of the number of hours the child is present. And in other cases, providers are less willing to accept part-time clients when they can get full-time clients. In an urban Washington State county, for instance, more and more providers are willing to take only full-time clients, caseworkers said.

Inadequate Postwelfare Child Care Subsidies Challenge JOBS Participants' Self-Sufficiency

Insufficient child care subsidies for the working poor affect JOBS participants' and other welfare recipients' ability to achieve self-sufficiency. We reported in December 1994 that our analysis predicts that child care subsidies will make a substantial difference in the probability of poor and near-poor mothers working.[18] Officials in five of the seven states we visited also said they believe that clients have quit working because they could not afford child care (once subsidies terminated) and that child care plays a major role in clients' returning to

[18]Child Care: Child Care Subsidies Increase Likelihood That Low-Income Mothers Will Work (GAO/HEHS-95-20, Dec. 30, 1994).

welfare rather than moving toward self-sufficiency.[19] Moreover, a recent study by the Greater Minneapolis Day Care Association found that almost one-quarter of the families waiting for child care subsidies left jobs or job-related training and turned to AFDC for economic survival.[20] A recent report by the National Research Council also noted that a lack of subsidies may create major barriers to families' work efforts.[21]

After welfare recipients enter the workforce, Transitional Child Care (TCC) is guaranteed for a maximum of 12 months after AFDC payments end. If a state does not have other funds to continue the subsidies beyond the 12-month period, the former welfare recipients must bear the full costs of child care even if their earnings have not increased during the 12 months. A few states we visited give TCC clients priority placement on their waiting lists for direct income-based subsidies for the working poor provided by the Child Care and Development Block Grant (block grant), so that when the 12 months of TCC terminate, the children's subsidy can be replaced smoothly by block grant funding. For example, Ohio officials stated they provide continuous child care services by automatically moving JOBS participants from TCC benefits to subsidies for the working poor. Similarly, Florida gives transitional clients priority for block grant child care funds for the working poor in an effort keep these clients from returning to welfare. In one state, however, officials said they were concerned that favoring former welfare clients over other working poor families that have never been on the welfare rolls sends the wrong message about the need to cycle through the welfare system to obtain child care subsidies.

Because block grant child care funds for the working poor are capped and require no state matching dollars, only a limited number of applicants can be served unless the state provides additional funds. Five of the states we visited maintain long waiting lists of eligible working poor families for which they have no child care funding. Florida has 19,000 people on its working poor waiting list; Washington, 3,000; Minnesota, 7,000; Texas, 36,000; and Nevada, 7,000. Texas officials in one regional office said that their waiting list would be much longer if they did not regularly purge names from it. Clients must call every 60 days to renew their position on the list. Michigan and Ohio do not keep waiting lists in part because of the difficulty of locating the families should funding become available.

[19]We reported at length on child care subsidy gaps and their link to becoming self-sufficient in Child Care: Working Poor and Welfare Recipients Face Service Gaps (GAO/HEHS-94-87, May 13, 1994).

[20]Valuing Families: The High Cost of Waiting for Child Care Sliding Fee Assistance, The Greater Minneapolis Day Care Association (Minneapolis: 1995).

[21]Child Care for Low-Income Families: Summary of Two Workshops, National Research Council, Board on Children and Families (Washington, D.C.: 1995.)

Implications of Child Care for Welfare Reform

The child care needs of AFDC recipients—whether or not they are participating in a JOBS-like program—and of newly working former welfare recipients are expected to grow, given welfare reform proposals and state initiatives that increase work requirements for more mothers of children receiving AFDC and that limit the length of time families can remain on AFDC. If the Congress or states expand their welfare-to-work requirements and also reduce or eliminate the allowable exemptions from working, more AFDC recipients will have to find child care to work or enroll in school, training, or work programs. Meeting greater demand for child care may be difficult for states across the nation, especially since JOBS-related child care funding and the supply of certain kinds of child care are already limited in some states. Infant care, part-time care, and care during nonstandard work hours will be particularly needed if a large influx of welfare recipients must move quickly from the welfare rolls into the workforce.

Finally, locating appropriate child care at a price former welfare recipients may be able to afford will continue to be a problem once they enter the workforce. Although postwelfare subsidies can play a critical role in keeping former recipients from returning to welfare, the subsidies for child care are either time-limited or unavailable to many because of the long waiting lists for receiving assistance. Even if changes are not made to AFDC at the national level, these difficulties could affect the reform initiatives that continue to be implemented in the states. As states move to expand work requirements, they may have to reconsider funding priorities and push to develop new sources of child care to meet the needs of welfare recipients and the working poor alike.

Agency Comments

In commenting on a draft of this report, HHS stated that our survey results showing that 73 percent of state JOBS programs are providing all or almost all participants with child care assistance should be viewed in the context of the programs' ability to limit how many participants with child care needs they will accept. HHS also commented that because participant pools are partly determined on the basis of child care availability, it may not be appropriate to look at the experience of JOBS programs to draw conclusions about the child care needs of recipients who are not JOBS participants. We agree with HHS that the child care needs of current JOBS participants may not be representative of welfare recipients not participating. Our work shows that the success of JOBS programs in providing child care assistance to current participants stems from the states' ability to limit participation to a small portion of welfare recipients

and their ability to determine the amount of funding they will provide for child care.

HHS raised other points that they believed should be clarified (see app. V) and provided technical comments that we addressed in the report as appropriate.

We are sending copies of this report to interested Members of Congress and to the Secretary of Health and Human Services. Copies will be available to others on request. If you have any questions concerning this report or need additional information, please call me on (202) 512-7215. Other GAO contacts and contributors to this report are listed in appendix VI.

Jane L. Ross

Jane L. Ross
Director, Income Security Issues

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Abbreviations

AFDC	Aid to Families With Dependent Children program
CCDBG	Child Care and Development Block Grant
FSA	Family Support Act of 1988
HHS	Department of Health and Human Services
JOBS	Job Opportunities and Basic Skills Training program
TCC	Transitional Child Care program

Objectives, Scope, and Methodology

To assist the Congress in its deliberations on welfare reform and child care, we examined (1) the extent to which child care needs of welfare recipients in JOBS are currently being met, (2) whether any barriers exist to meeting the child care needs of JOBS participants, (3) the effect of child care subsidies on former welfare recipients' move toward self-sufficiency, and (4) the potential implications of welfare reform for child care availability and continuity.

Data Analyzed on JOBS Participants

To find out how the ages of JOBS participants' children differ from nonparticipants' children, we analyzed HHS' 1993 National Integrated Quality Control system data. These data include participants in the JOBS program as well as participants in the Food Stamp Employment and Training Program. We based our analysis on 1993 data because they were the most current available when we did our analysis. We limited our analysis to female parents or stepparents who receive AFDC. In 1993, these cases accounted for about 80 percent of all AFDC cases.

Nationwide Survey on Child Care Services for JOBS Participants

Sample Selection and Survey Response

To determine the extent to which JOBS programs were able to provide child care assistance to current participants, we asked a number of child care-related questions as part of a nationally representative computer-assisted telephone survey of over 400 local JOBS program officials conducted between June and August 1994. We reported complete survey results on the characteristics of JOBS participants in May 1995.[22]

Because most JOBS services are provided at the county level, we selected a random sample of counties for our survey. We derived a nationwide listing of counties from 1990 Census data and selected an overall sample of about 450 counties. Before selecting this sample, we stratified the counties into the following four groups:

[22]Welfare to Work: Participants' Characteristics and Services Provided in JOBS (GAO/HEHS-95-93, May 2, 1995).

- Large urban—Counties comprising the 10 cities with the largest populations of children in welfare households.[23]
- Metropolitan with central city—Counties containing the central city for a metropolitan statistical area.
- Metropolitan (no central city)—Counties in metropolitan statistical areas that do not contain a central city.
- Nonmetropolitan (rural)—Counties that are not part of a metropolitan statistical area.

We selected all the counties from the large urban category and random samples of counties from each of the other three groups. Table I.1 shows the total number of counties and the number sampled in each stratum. After selecting the sample, we used the Public Welfare Directory[24] to determine the name, address, and telephone number of the JOBS program administrators responsible for programs in sampled counties. While preparing and conducting our interviews, we found that 36 rural counties and 1 nonrural county in our sample did not offer JOBS programs.[25] Therefore, we adjusted our initial sample to exclude these counties.[26] We obtained responses from nearly all of the program administrators for the counties in our adjusted sample (411 of 416). We used these responses to produce national estimates for the JOBS program.

[23]These cities were included in the sample: Baltimore, Chicago (Cook and DuPage counties), Cleveland, Detroit, Houston (Fort Bend, Harris, and Montgomery counties), Los Angeles, Milwaukee (Milwaukee and Washington counties), New York (the boroughs of Brooklyn, Kings, New York, Queens, and Richmond), Philadelphia, and San Diego.

[24]American Public Welfare Association (Washington, D.C.: 1993).

[25]HHS regulations do not require states to offer JOBS programs in every locality. Instead, states must offer minimal or complete programs that reach most of the state's adult welfare recipients. Minimal JOBS programs include high school or equivalent education, one optional component (that is, job search, on-the-job-training, community work experience, or work supplementation), and information and referral to other available non-JOBS employment services. See 45 C.F.R. section 250.11 (Oct. 1, 1994).

[26]Although these 37 counties offered neither complete nor minimal JOBS programs, some offered supportive services (principally child care) to welfare recipients who were already attending an institution of higher education at the time they would otherwise commence participation in the JOBS program.

Table I.1: Universe, Sample Size, and Response Rates

Type of county	Number in universe	Counties sampled	Adjusted sample	Number of counties responding	Response rate (percent)
Large urban	18	18	18	18	100
Metropolitan with central cities	422	134	134	131	98
Metropolitan (no central city)	311	120	119	118	99
Nonmetropolitan	2,390	181	145	144	99
Total	**3,141**	**453**	**416**	**411**	**99**

Sampling Errors for Estimates

Because the estimates from this survey are based on a sample, each is subject to sampling error. Table II.11 in appendix II shows the maximum sampling error for estimates presented in each question. We computed the sampling errors at the 95-percent confidence level. Therefore, the chances are 95 out of 100 that the actual percentage being estimated falls within the range defined by the estimate, plus or minus the sampling error.

Visits to States on Utilization of Child Care by JOBS Participants

To obtain detailed information on (1) how the JOBS child care program was implemented, (2) whether any barriers exist to meeting the child care needs of JOBS participants, (3) the effects of child care subsidies on former welfare recipients' move toward self-sufficiency, and (4) the potential impact that welfare reform proposals might have on child care availability and continuity, we visited 12 counties in 7 states.[27]

We selected these counties using the following criteria:

- Response to key survey question—Within the seven states, we chose some counties that answered "all or almost all," some counties that answered "about half," and some that answered "few or none" to the question, "Of all your JOBS participants who needed child care assistance in May 1994, what proportion were receiving it?"[28] We defined assistance as providing child care funding or help with arranging child care. In this way we were able to ensure that the counties visited would encompass a wide range of abilities to provide child care assistance to JOBS participants.

[27]We visited Gadsen and Martin counties in Florida; Pike County, Ohio; Ingham and Washtenaw counties in Michigan; Douglas and Washington counties in Minnesota; Carson City County in Nevada; Harris and Hardin counties in Texas; and Spokane and Pierce counties in Washington.

[28]Available responses included "all or almost all," "most," "about half," "some," "few or none," "don't know," and "no participants."

- County type—We chose some urban, some suburban, and some rural locations.
- Geographic distribution of states—We chose counties in states from several areas of the United States.

During our visits, we interviewed officials responsible for the states' child care programs, child care licensing, JOBS program, and financial reporting. At the county level, we also interviewed officials responsible for implementing child care programs, child care licensing, and the JOBS program. In addition, we interviewed representatives of child care resource and referral agencies as well as JOBS participants.

Child Care-Related Nationwide Survey Results

Tables II.1 through II.10 show our results from the child care-related data collected from our nationwide survey of over 400 county JOBS programs (see GAO/HEHS-95-93 for results of the full survey). These tables provide data on how child care services have been implemented and the extent child care is utilized under the JOBS program. The numbers in each table represent the GAO estimate of the percentage of all jurisdictions operating JOBS programs nationwide that would have given the designated response for that question. Table II.1 provides a snapshot of child care use during the month of May 1994. That is, for the question involved the survey focused only on child care services provided to current JOBS participants during the month of May 1994. Child care use can vary throughout the year. For example, care for school-aged children may increase during the summer months when school is not in session.

Finally, table II.11 shows the maximum sampling errors at the 95-percent confidence level for the results shown in tables II.1 through II.10.

Table II.1: Question 1

Of all your JOBS participants who needed child care assistance, what proportion were receiving it?	Percentage of JOBS programs
All or almost all	73
Most	13
About half	5
Some	4
Few or none	2
No participants needed child care	4

Note: Numbers may not add to 100 because of rounding.

Table II.2: Question 2

For those JOBS participants not receiving child care assistance, was it because . . .	Yes	No
Lack of child care in community	52	48
Transportation problems	77	23
Child care not affordable	47	53
Need more JOBS staff	49	51
Program lacked funds	50	50
Other reasons	30	70
Could serve all with more money	68	32

Note: This question was asked only of JOBS programs (about 23 percent) who answered other than "all or almost all" to question 1.

Table II.3: Question 3

Are clients with LESS NEED for child care served before others with more child care needs?	Percentage of JOBS programs
Yes	8
No	89
Sometimes	3

Table II.4: Question 4

Of all your JOBS participants that are currently assisted with child care, about how many . . .	All or almost all	Most	About half	Some	Few or none	None needed
Receive financial help to pay for it?	85	9	2	1	2	1
Do you assist with making child care arrangements?	45	12	12	14	16	1

Table II.5: Question 5

Does your program ever use a JOBS or non-JOBS caseworker as a child care specialist in arranging child care for participants?	Percentage of JOBS programs
Yes	43
No	57

Table II.6: Question 6

Is this specialist a JOBS caseworker or from another program?	Percentage of JOBS programs
JOBS caseworker	27
From another program	65
Both	8

Notes: This question was asked only of JOBS programs (about 43 percent) who answered "yes" to question 5.

Numbers may not add to 100 because of rounding.

Table II.7: Question 7

Does your program . . .	Yes	No
Have special sessions focusing only on child care needs or other child care information for either individual JOBS participants or groups of participants?	44	56
Refer JOBS participants to a resource and referral agency?	63	37
Serve as the designated resource and referral agency for the county or local area?	45	55
Pay for JOBS participants to use legally exempt child care, other than relatives?[a]	75	25

[a]States often exempt from their licensing systems certain child care settings, such as family child care providers serving small numbers of children, care provided in the child's home, and care provided by relatives.

Table II.8: Question 8

What proportion of JOBS participants enter with child care arrangements already made?	Percentage of JOBS programs
All or almost all	8
Most	9
About half	23
Some	30
Few or none	31

Note: Numbers may not add to 100 because of rounding.

Table II.9: Question 9

Child care available includes . . .	Yes	No
Head Start	93	7
State and local centers . . .	70	30
Private centers or preschools	91	9
Family day care	96	4
Relatives	99	1

Table II.10: Question 10

Type of child care used by your JOBS participants . . .	Most frequently
Head Start	1
State centers	8
Other centers	27
Family child care	31
Relatives	25
Other	7

Note: Numbers may not add to 100 because of rounding.

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Table II.11: Maximum Sampling Errors for Data in Tables II.1 Through II.10

	Maximum sampling error (percentage points)
Question 1	5
Question 2	
Lack of child care in the community	12
Transportation problems	10
Child care not affordable	12
Need more JOBS staff	12
Program lacked funds	12
Other reasons	11
Could serve all with more money	12
Question 3	4
Question 4	
Financial help	4
Help with child care arrangements	6
Question 5	6
Question 6	9
Question 7	
Special sessions	5
Refer to resource and referral agency	5
Serve as resource and referral agency	6
Pay for legally exempt care	5
Question 8	6
Question 9	
Head Start	4
State and local centers	6
Private centers and preschools	4
Family day care	3
Relatives	1
Question 10	6

Note: Sampling errors were computed at the 95-percent confidence level.

Child Care Expenditures for 1994 and the Number of Children Served

State	JOBS		TCC		At-risk		CCDBG	
	Amount (millions)	Number served	Amount (millions)	Number served	Amount (millions)	Number served	Amount (millions)	Number served
Florida	$17.8	UA	$26.1	UA	$60.5[a]	UA	$35.0	UA
Michigan	21.5	145,907	4.7	19,900	48.2[b]	214,397[b]	[b]	[b]
Minnesota[c]	16.6	7,834	7.6	3,280	26.3[b]	12,612[b]	[b]	[b]
Nevada	0.98	8,002	0.91	6,112	2.3[d]	26,652[d]	UA[e]	2,163[d]
Ohio	58.3	UA	0.13	UA	9.3	UA	20.7	UA
Texas[f]	40.1[g]	13,203	24.6	9,626	18.2	7,540	55.6	22,730
Washington	26.9	32,158	9.8	11,290	11.1	7,486	9.9	33,493

Legend:

UA = Unavailable

Note: Expenditure data include federal and state money, provided by the federal fiscal year. Except for Washington, data may include duplicate counts.

[a]Includes some Child Care and Development Block Grant (CCDBG) and Social Services Block Grant funds.

[b]Data are for the CCDBG and at-risk categories combined.

[c]Minnesota provided data by state fiscal year, which runs from July 1993 through June 1994.

[d]This figure covers the period of October 1993 through August 1994.

[e]During the period this assignment was conducted, fiscal year 1994 cost figures had not been compiled.

[f]The number of children served in each category represents the minimum number served in fiscal year 1994.

[g]Includes some CCDBG funds.

Child Care-Related Barriers Encountered by Some JOBS Participants

	Florida	Michigan	Minnesota	Nevada	Ohio	Texas	Washington
All Day Care							
Insufficient							
Child care		■	■	■	■	■	
Affordable child care	■	■	■	■	■		■
Sick child care	■	■	■	■		■	■
Infant child care	■	■	■	■	■	■	■
Special-needs child care	■	■	■	■	■		■
Before- and after-school child care	■	■				■	
Nonstandard hours care	■	■	■	■	■	■	■
Transportation to child care	■	■	■	■	■	■	■
JOBS Program							
Insufficient							
JOBS program staff		■	■	■	■	■	■
Program funds for JOBS child care	■	■			■	■	■
Supply of child care that matches part-time JOBS participation hours		■	■	■			■

Note: This chart is based on interviews with state and county officials in the locations we visited and responses by the same counties to our nationwide survey of JOBS programs.

Comments From the Department of Health and Human Services

DEPARTMENT OF HEALTH & HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES
Office of the Assistant Secretary, Suite 600
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447

Ms. Jane Ross
Director, Income Security Issues
United States General Accounting Office
Washington, DC 20548

Dear Ms. Ross:

This is in response to your letter requesting comments on the draft report, "Welfare to Work: Child Care Assistance Limited; Welfare Reform May Expand Needs." We appreciate the opportunity to respond and commend you for this important report that emphasizes the link between child care assistance and work. It is clear from the report that lack of child care assistance is a significant barrier to work. Your report points out that providing the necessary assistance to families as they move from welfare to work will be a challenge, as many States (5 of 7 in your survey) currently lack the resources needed to meet the child care needs of low income families. HHS is concerned that future resources would be even more constrained based upon the funding levels and participation requirements found in pending welfare reform legislation.

We have enclosed our comments to the report. We would also like to point out that the report presents several important facts that should be highlighted in the Results in Brief and the Principal Findings:

- The discussion of principal findings on page 5 is correct in pointing out that insufficient funds for child care contribute to limiting participation in JOBS by welfare recipients with child care needs. The Family Support Act allows a State to grant good cause on a case-by-case basis for an AFDC recipient if necessary supportive services or child care is not available. Several states report that they must limit JOBS participation because of child care expenses. This point should be stated prior to your finding that 73% of JOBS areas in the survey were able to provide child care services to all or almost all of the families that did participate in JOBS. Because JOBS participant pools are partly determined on the basis of child care availability, it is probably not appropriate to look to the experience of JOBS programs to draw conclusions about the child care needs of welfare recipients who are not participating.
- Five out of seven states cite insufficient funds for child care.
- Insufficient State matching funds for child care is one of the reasons States do not serve all potential JOBS participants.
- Officials in five states believe that clients quit working when their child care subsidies terminate because they cannot afford care and that child care plays a major role in clients' returning to welfare, rather than moving towards self-sufficiency.

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- Shortages of child care exist for infants, children with special needs, sick children, children needing care before and after-school or part-time, and children needing care during nonstandard hours.

Sincerely,

Mary Jo Bane
Assistant Secretary
for Children and Families

Enclosure

GAO Contacts and Staff Acknowledgments

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Acknowledgments

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Related GAO Products

Welfare to Work: Participants' Characteristics and Services Provided in JOBS (GAO/HEHS-95-93, May 2, 1995).

Welfare to Work: Measuring Outcomes for JOBS Participation (GAO/HEHS-95-86, Apr. 17, 1995).

Child Care: Recipients Face Service Gaps and Supply Shortages (GAO/T-HEHS-95-96, Mar. 1, 1995).

Child Care: Narrow Subsidy Programs Create Problems for Mothers Trying to Work (GAO/T-HEHS-95-69, Jan. 31, 1995).

Low-Income Families: Comparison of Incomes of AFDC and Working Poor Families (GAO/T-HEHS-95-63, Jan. 25, 1995).

Welfare to Work: AFDC Training Program Spends Billions, but Not Well Focused on Employment (GAO/T-HEHS-95-51, Jan. 10, 1995).

Child Care: Child Care Subsidies Increase Likelihood That Low-Income Mothers Will Work (GAO/HEHS-95-20, Dec. 30, 1994).

Welfare to Work: Current AFDC Program Not Sufficiently Focused on Employment (GAO/HEHS-95-28, Dec. 19, 1994).

Family Child Care: Innovative Programs Promote Quality (GAO/T-HEHS-95-43, Dec. 9, 1994).

Child Care: Promoting Quality in Family Child Care (GAO/HEHS-95-36, Dec. 7, 1994).

Child Care: Working Poor and Welfare Recipients Face Service Gaps (GAO/HEHS-94-87, May 13, 1994).

Child Care Quality: States' Difficulties Enforcing Standards Confront Welfare Reform Plans (GAO/T-HEHS-94-99, Feb. 11, 1994).

Self-Sufficiency: Opportunities and Disincentives on the Road to Economic Independence (GAO/HRD-93-23, Aug. 6, 1993).

Mother-Only Families: Low Earnings Will Keep Many Children in Poverty (GAO/HRD-91-62, Apr. 2, 1991).

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